Chirripo Resources Inc.

Annual Report
2001

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CHIRRIPO RESOURCES INC.

Chirripo Resources Inc. is a junior oil and gas company that trades on the TSX Venture Exchange (formerly the "CDNX" exchange) under the symbol "CHO". The company's headquarters are in Calgary, Alberta.

Chirripo Resources Inc. was incorporated in March 1997 as a junior capital pool company and completed its major transaction in January 1999 by acquiring Chirripo Oil and Gas Ltd.

The Company has grown by acquiring oil and gas properties and enhancing their value. The Company is also becoming a full cycle oil and gas company by participation in the drilling of low to medium risk wells.

ANNUAL MEETING

Shareholders are invited to attend the Company's annual meeting, to be held on Tuesday, June 4, 2002, at 3:00 PM in the Company's offices at suite 1900, 444, 5th Avenue S.W., Calgary, Alberta. Shareholders unable to attend the meeting are requested to complete and return the Proxy Form to the Company's Transfer Agent.

PRESIDENT'S MESSAGE

Chirripo Resources Inc. is pleased to report to its shareholders on its third year of success and growth. In the last year, the Company has acquired 15 net sections of land and thirteen lines of seismic. Two of the seismic lines are proprietary lines shot and owned by the Company. As a result, ten drilling locations on medium to low risk prospects were identified. The Company is actively promoting the prospects and has signed option agreements for two of the prospects.

In the last year the Company participated in the drilling of three wells, two for 25% working interest and one for 50% working interest. Two of the wells are capped gas wells and one dry and abandoned. The Company plans to participate in four wells this year for working interests varying from 10% to 30%. The Company now operates two producing wells, one in Alberta and one in British Columbia.

Acquisition and divestment activity consisted of the sale of two non-core Company properties and the acquisition of five properties, for a net production increase of 30 barrels of oil equivalent ("BOE") per day (10,000 cubic feet of gas being equivalent to one barrel of oil). An uphole gas zone re-completion is planned for this summer on one of the properties acquired and gross production of 600,000 cubic feet per day is anticipated. The Company's working interest in the re-completed well will be 50%. Tie-in and production logistics are minimal.

During the year the company is focusing on establishing two core areas in the Shekilie / Rainbow / Amigo area and the Spirit / Rycroft area. In the Shekilie / Rainbow / Amigo area, the Company holds 100% of 8 sections of undeveloped land, much of it offset by large production mainly from prolific Keg River reefs and secondary gas zones. Net present production from developed acreage is approximately 70 BOE per day. In the Spirit / Rycroft area net Company production is approximately 40 BOE per day.

A third area of focus is Fenn Big Valley. Chirripo has 1.94 net sections of land, one line of purchased seismic and two lines of proprietary seismic, on which at least two drilling locations are identified, prospective for multiple Devonian oil targets and Cretaceous upper sand gas targets.

The Company continues its efforts with operating partners to place on production two gas wells in the Fireweed area of British Columbia and other shut in gas in Alberta.

In conclusion, the Company increased its cash flow, net production, reserves, and, most importantly, its land holdings. Very promising drilling prospects were acquired without incurring large costs and with minimal share dilution.

The Company would like to thank the shareholders, management, and staff for their support and contributions during the past year.

On behalf of the Board.

Issa Abu-Zahra
President
April 29, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following information is presented in conjunction with the Company's financial statements and the accompanying notes thereto.

STATEMENT OF EARNINGS

Revenue

The Company's revenues after deducting royalties for the year ended December 31, 2001 increased 61% to $1,090,236 from $677,118 the previous year. Revenues from natural gas sales increased by 104% to $647,293 from $ 316,890 in the previous twelve months period. Crude oil and natural gas liquids revenues were $412,342, an increase of 82% from $227,062 in 2000.

Natural gas prices averaged $5.16 per thousand cubic feet (Mcf.) in 2001 up from $4.67 the previous year. The average wellhead price received for crude oil and natural gas liquids was $38.07 per barrel compared to $38.90 in the year 2000. Natural gas sales volumes from working interest properties averaged 343 Mcf. per day compared to 185 Mcf. the previous year. Crude oil and natural gas liquids (NGL) production for 2001 from working interest properties averaged 30 barrels per day compared to 16 barrels in 2000.

Income from royalties for the year amounted to $230,854 up slightly from $222,192 the year before. The Company's reliance on royalty properties as a major source of revenue declined from 33 per cent in 1999 and 2000 to 21 percent in 2001.

Overall sales volumes of oil and gas on a barrel of oil equivalent (BOE) basis from both working interest and royalty properties increased to 106 BOE per day in 2001 from 69 BOE in 2000.

Royalty expense rose to $200,253 (19% of sales revenues) from $89,026 (16% of revenues) in the previous year. The increased in royalties resulted from the higher prices that prevailed in early 2001.

Expenses:

General and administrative expense for the year increased by 83% from $150,786 to $286,662 in the current year. The major categories of expenditures contributing to the increase were expenses related to staffing including salaries, consulting fees and office rent ($93,000), legal fees ($17,000), engineering evaluations ($8,500) and bank fees and charges ($5,000).

Operating expenses increased by 95 per cent to $274,292 from $140,896 in 2000. The principal reason for the increase was the six properties acquired May 1, 2001, some of which required additional maintenance, and $42,000 of prior year gas processing expense charged to Chirripo in 2001.

Interest expense for 2001 rose to $46,787 in 2001 from $4,643 the prior year due to the bank debt financing on the acquisition of producing properties in the amount of $1,055,000 during the year and interest on the acquisition of these properties from the effective date of the acquisition to the closing.

Depletion and amortization rose to $291,251 from $45,653 as a result of the significantly stepped up exploration, development and property acquisition program. The exploration and development program conducted in 2001 has not yet resulted in a commensurate increase in the Company's reserves of oil and gas.

Income taxes of $155,934 are comprised of $21,934 of taxes for a prior year and future income taxes of $134,000. Chirripo is not currently taxable and has available tax pools of approximately $1,430,000. Future income taxes were impacted to the extent of $104,000 due to the flow through shares issued during the year.

Net earnings

Net earnings for the year declined to $40,702 ($0.006 per share fully diluted) from $316,248 ($0.055 per share). Earnings were severely impacted by the significant increase in depletion and amortization expense of $245,598 and future income taxes of $134,000.

STATEMENT OF CASH FLOWS

Cash flow for the year increased 38% to $479,786 ($0.074 per share fully diluted) from $355,212 ($0.06 per share) in the preceding year.

Financing activities during the year consisted of $1,180,000 of net new bank borrowings of which $460,000 is classified as a current liability under the repayment terms of the Company's loans. A total of $266,700 was realized from the sale of common shares of which $250,000 relates to the sale of flow through shares and $16,700 resulted from the exercise of stock options. Legal expenses of $9,152 were incurred in connection with the flow through share issue.

During the year a total of $2,132,350 was expended on exploration and development, acquisition of producing and non-producing properties and other minor capital items. Proven property acquisitions totaled $1,055,000 and a further $225,533 was used to purchase undeveloped petroleum and natural gas rights. Drilling, completion and recompletion operations cost $523,526 and $215,721was spent on geological and geophysical programs. Other capital expenditures include well plant and office equipment ($80,994) and capitalized lease rentals ($ 31,576).

Chirripo realized $165,500 from the sale of minor working interest and royalty properties during the year.

At year end the Company had three loan agreements with its Banker providing for a maximum borrowing capacity of $2,450,000. At December 31, 2001 an amount of $1,050,000 had been borrowed under a revolving reducing demand loan on which the maximum loan permitted was $1,300,000 at December 31, 2001, and a further $150,000 had been borrowed under a development loan. Chirripo had not utilized a $1,000,000 acquisition and development loan facility at December 31, 2001.

The loan agreements require the Company to make repayments totaling $460,000 in 2002. Under the development loan agreement the Company is required to repay $110,000 in 2002 at the rate of $10,000 per month commencing February 28, 2002. The revolving reducing demand loan facility reduces, from the maximum borrowings permitted at December 31, 2001 of $1,300,000, by $50,000 per month so that an amount of $350,000 will be required to be repaid in 2002 to reduce the loan of $1,050,000 at December 31, 2001 to $700,000 at December 31, 2002.

Chirripo Resources Inc.
Financial Statements
December 31, 2001 and 2000

To the Shareholders of:
Chirripo Resources Inc.

We have audited the balance sheets of Chirripo Resources Inc. as at December 31, 2001 and 2000 and the statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Chartered Accountants

Calgary, Alberta
April 26, 2002

Suite 600, 808 – 4th Ave. S.W., Calgary, Alberta T2P 3E8 (403)263-3385

Chirripo Resources Inc.
Balance Sheets
As at December 31

	2001	2000
Assets		
Current		
Cash	**4,436**	-
Accounts receivable	**222,305**	279,281
Income taxes recoverable	**16,512**	-
Prepaid expenses and deposits	**16,619**	2,049
	259,872	281,330
Employee loan *(Note 3)*	**38,592**	44,123
Capital assets *(Note 4)*	**2,286,487**	610,886
	2,584,951	936,339
Liabilities		
Current		
Bank indebtedness	**-**	545
Accounts payable and accruals	**220,899**	158,598
Income taxes payable	**-**	39,226
Current portion of long-term debt	**460,000**	-
	680,899	198,369
Long-term debt *(Note 5)*	**740,000**	20,000
Future income taxes *(Note 6)*	**260,070**	22,070
Future site restoration	**47,226**	33,393
	1,728,195	273,832
Shareholders' Equity		
Share capital *(Note 7)*	**462,910**	309,362
Retained earnings	**393,846**	353,145
	856,756	662,507
	2,584,951	936,339

Approved on behalf of the Board:

"signed"
Issa Abu-Zahra - Director

"signed"
Thomas R. Wilcock - Director

The accompanying notes are an integral part of these financial statements.

Chirripo Resources Inc.
Statements of Earnings
For the years ended December 31

	2001	2000
Revenue		
Petroleum and natural gas sales	**1,059,635**	543,952
Royalty income	**230,854**	222,192
Royalty expense net of Alberta Royalty Tax Credit	**(222,187)**	(67,092)
	1,068,302	699,052
Expenses		
General and administrative	**288,182**	150,786
Operating expenses	**273,175**	140,896
Interest on long-term debt	**46,787**	4,643
Depletion and amortization	**291,251**	45,653
Future site restoration	**13,833**	7,438
	913,228	349,416
Earnings from operations	**155,074**	349,636
Other income		
Gain on disposal of capital assets	-	23,157
Other income	**19,627**	13,645
	19,627	36,802
Earnings before income taxes	**174,701**	386,438
Income taxes		
Current *(Note 6)*	-	61,160
Future	**134,000**	9,030
	134,000	70,190
Net earnings	**40,701**	316,248

Basic earnings per share *(Note 8)*	**0.007**	0.060
Diluted earnings per share	**0.007**	0.058

The accompanying notes are an integral part of these financial statements.

Chirripo Resources Inc.
Statements of Retained Earnings
For the years ended December 31

	2001	*2000*
Retained earnings, beginning of year, as previously stated	**353,145**	13,251
Adjustment for implementation of future income tax *(Note 2)*	**-**	23,646
Retained earnings, beginning of year, as restated	**353,145**	36,897
Net earnings	**40,701**	316,248
Retained earnings, end of year	**393,846**	353,145

The accompanying notes are an integral part of these financial statements.

Chirripo Resources Inc.
Statements of Cash Flows
For the years ended December 31

	2001	2000
Cash provided by (used for) the following activities		
Operating		
Net earnings	**40,701**	316,248
Add items not involving a current cash outlay		
Depletion and amortization	**291,251**	45,653
Future site restoration	**13,833**	7,438
Gain on disposal of capital assets	**-**	(23,157)
Future income taxes	**134,000**	9,030
	479,785	355,212
Changes in working capital balances		
Accounts receivable	**56,976**	(129,886)
Prepaid expenses and deposits	**(14,570)**	(32)
Accounts payable and accruals	**62,301**	(9,563)
Income taxes payable	**(55,738)**	39,226
	528,754	254,957
Financing		
Long-term debt (repayments) advances	**1,180,000**	(20,000)
Issuance of shares	**266,700**	4,400
Share issuance costs	**(9,152)**	-
	1,437,548	(15,600)
Investing		
Purchase of capital assets	**(2,132,352)**	(257,501)
Proceeds on disposal of capital assets	**165,500**	66,325
Repayment (advances) on employee loan	**5,531**	(44,123)
	(1,961,321)	(235,299)
Increase in cash resources	**4,981**	4,058
Bank indebtedness, beginning of year	**(545)**	(4,603)
Cash resources (bank indebtedness), end of year	**4,436**	(545)

Basic cash flow per share from operations *(Note 8)*	**0.089**	0.067
Diluted cash flow per share from operations	**0.086**	0.065

Supplemental cash flow information		
Interest paid	**46,787**	4,643
Income tax paid	**55,738**	-

The accompanying notes are an integral part of these financial statements.

1. Incorporation and major transaction

Chirripo Resources Inc. ("the Company") was incorporated on March 27, 1997 and began trading on the Canadian Venture Exchange on May 7, 1998.

The Company was classified as a Junior Capital Pool Corporation and as its major transaction, the Company acquired all of the issued and outstanding shares of Chirripo Oil & Gas Ltd., a company controlled by a director and shareholder of Chirripo Resources Inc., for a cash payment of $60,000 and the issuance of 1,600,000 shares. The acquisition had an effective date of May 1, 1998.

2. Accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. In preparing these financial statements, management is required to make estimates and assumptions. In management's opinion, the financial statements have been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Capital assets

The Company follows the full cost method of accounting for petroleum and natural gas properties, whereby all costs associated with the exploration for, and the development of, petroleum and natural gas reserves, whether productive or unproductive are capitalized in cost centres. Costs capitalized include land acquisition costs, geological and geophysical expenditures, rentals on undeveloped properties and drilling and overhead expenses related to exploration and development activities. Proceeds from disposition of property sales are credited to the net book value of the property and equipment. Gains and losses are not recognized upon disposition of oil and gas properties other than equipment, unless the disposition would significantly alter the rate of depletion.

Costs capitalized are depleted and amortized using the unit-of-production method based on gross proved oil and gas reserves as determined by independent engineers. For purposes of the depletion calculation, proved oil and gas reserves are converted to a common unit of measure on the basis of their approximate relative energy content.

In applying the full cost method, the Company performs a ceiling test which restricts the capitalized costs less accumulated depletion, future or deferred income taxes and the site restoration provision from exceeding an amount equal to the estimated undiscounted value of future net revenues from proved oil and gas reserves, based on current prices and costs, and after deducting estimated future site restoration costs, general and administrative expenses, financing costs and income taxes. Any costs carried on the balance sheet in excess of the ceiling test limit are charged to income as additional depletion.

Capital assets other than petroleum and natural gas properties are stated at cost less amortization calculated using the straight-line basis at the following annual rates:

Furniture and fixtures	20%
Computer equipment	30%

Joint venture activities

Most of the Company's petroleum and natural gas exploration and production activities are conducted jointly with others, and, accordingly, these financial statements reflect only the Company's proportionate interest in such activities.

2. Accounting policies *(continued)*

Future site restoration

The Company provides for site restoration and abandonment costs over the life of the proved reserves on a unit-of-production basis. Costs are estimated each year by management based on current regulations, costs, technology and industry standards. The annual charge to income is recorded as a provision for future site restoration and the accumulated liability is classified as a long-term liability. Actual costs, as incurred, are charged to the accumulated liability.

Income taxes

The Company adopted the liability method of accounting for income taxes for the year ended December 31, 2000 as required under Section 3465 of the CICA Handbook without restatement of prior year's figures. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs.

The effect of adopting the new recommendation on the opening 2000 financial statements was an increase in retained earnings of $23,646, increase in capital assets of $24,750 and to replace deferred income taxes of $11,936 with a future income tax liability of $13,040.

Flow-through shares

Income tax legislation permits the flow through to shareholders of income tax deductions relating to certain qualified resource expenditures. The income tax benefits renounced are reflected as a future income tax liability and deducted from the proceeds of share capital.

Per share amounts

The Company has retroactively adopted the new Canadian Institute of Chartered Accountants recommendations for per share calculations effective January 1, 2001. The new standard utilizes the treasury stock method in the determination of diluted per share amounts. Under this method, the diluted weighted average number of shares is calculated assuming the proceeds that arise from the exercise of outstanding "in the money" warrants and options are used to purchase common shares of the Company at their average market price for the period. The new method was applied retroactively. Previously, the Company utilized the imputed earnings method to calculate diluted per share amounts. The impact on previously reported amounts is negligible.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The amounts recorded for depletion of capital assets and the provisions for future abandonment and site restoration costs are based on estimates. The ceiling test is based on such factors as estimated proven reserves, production rates, oil and natural gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements of future periods could be material if actual results differ from these estimates.

3. Employee loan

The loan is unsecured, due July 31, 2003 and bears interest at 7%.

4. Capital assets

	2001		2000	
	Cost	Net Book Value	Cost	Net Book Value
Petroleum and natural gas properties	**2,710,076**	**2,272,347**	753,777	602,005
Furniture and fixtures	**12,489**	**7,624**	7,482	5,288
Computer equipment	**11,368**	**6,516**	5,824	3,593
	2,733,933	**2,286,487**	767,083	610,886

The 2001 ceiling test was performed using wellhead prices of $30.26/bbl (2000 - $39.35/bbl) for oil and $3.39/mcf (2000 – $7.18/mcf) for natural gas. Based on these parameters, there is no impairment in the carrying value.

5. Long-term debt

	2001	2000
Revolving reducing demand loan	**1,050,000**	20,000
Development loan	**150,000**	-
	1,200,000	20,000
Less current portion	**(460,000)**	-
	740,000	20,000

At December 31, 2001, the Company had three credit facilities with its banker consisting of: (a) a revolving reducing demand loan, (b) a non-revolving acquisition and development demand loan, and (c) a development loan.

(a) Under the revolving reducing demand loan, the amount due to the bank was $1,050,000 at December 31, 2001. The amount available under the credit facility at December 31, 2001 was $1,350,000, which reduces by $50,000 per month. Amounts drawn down under the facility bear interest at the bank's prime rate plus ¼% and there is a standby fee of 1/8 of one percent per annum on undrawn amounts.

(b) At December 31, 2001, no amounts had been borrowed under the non-revolving acquisition and development loan under which amounts up to $1,000,000 may be borrowed. Amounts drawn down under the facility bear interest at the bank's prime rate plus 1 ¼% and there is a standby fee of 1/8 of one percent per annum on undrawn amounts.

(c) At December 31, 2001, the amount due to the bank under the development loan was $150,000 and repayment of $10,000 per month plus interest is required commencing on February 28, 2002. Interest on the development loan is at the bank's prime rate plus 1 ¼%.

The loans are secured by a demand promissory note, a general assignment of book debts and a floating debenture in the amount of $5,000,000.

Subsequent to December 31, 2001, an additional $40,000 was borrowed under the development loan. Repayments are at $2,500 per month plus interest commencing on April 30, 2002.

6. Income taxes

At December 31, 2001, the Company has approximately $1,490,000 (2000 - $250,000) of tax pools available. The Company also has $21,694 (2000 - $31,000) in unclaimed share issuance costs. The benefit of these tax pools has been recognized in these financial statements.

The income tax expense differs from the amount that would be expected by applying the current tax rates for the following reasons:

	2001	*2000*
Earnings before taxes	**174,701**	386,438
Expected tax expense at 41.62% (2000 - 44.62%)	**72,710**	172,428
Tax effect of expenses not deductible for tax purposes	**203,580**	56,277
Share issuance costs	**(7,673)**	(7,410)
Non-capital losses of preceding taxation years	-	(5,733)
Resource allowance deducted for income tax purposes	**(255,978)**	(122,761)
Alberta royalty tax credit	**(12,639)**	(8,346)
Royalty tax deduction	-	(23,295)
Future income tax expense relating to the origination and reversal of temporary differences	**134,000**	9,030
Income tax expense	**134,000**	70,190

The components of the net future income taxes liability are as follows:

	2001	*2000*
Future income tax liabilities		
Petroleum and natural gas properties	**288,754**	50,792
Future income tax assets		
Future site restoration	**(19,655)**	(14,900)
Share issue costs	**(9,029)**	(13,822)
Net future income tax liability	**260,070**	22,070

7. Share capital

Authorized
An unlimited number of common voting shares
An unlimited number of preferred shares

The preferred shares may be issued from time to time in one or more series, each series consisting of a number of preferred shares as determined by the Board of Directors of the Company who may also fix the designations, rights, privileges, restrictions and conditions attaching to each series of preferred shares. There are no preferred shares issued.

7. Share capital (continued)

Issued

Common shares

	Number of shares	*Amount*
Balance at December 31, 1999	5,315,000	304,962
Issued on exercise of options	40,000	4,400
Balance at December 31, 2000	5,355,000	309,362
Issued on exercise of options	130,000	16,700
Flow-through shares (net of tax effect of renouncements)	833,334	146,000
Share issuance costs	-	(9,152)
Balance at December 31, 2001	6,318,334	462,910

In December 2001, a private placement of 833,334 flow-through shares was completed at a price of $.30 per share for proceeds of $250,000. The related renunciation was made effective December 31, 2001. Approximately $136,717 of qualifying expenditures had been incurred at that time, with the remainder to be incurred prior to December 31, 2002.

Stock options

The Company has established a Stock Option Plan for the benefit of directors, officers, key employees and consultants of the Company.

Stock option transactions were as follows:

Balance at December 31, 1999	200,000
Options granted	305,000
Options expired	(40,000)
Options exercised	(40,000)
Balance at December 31, 2000	425,000
Options granted	235,000
Options exercised	(130,000)
Balance at December 31, 2001	530,000

At December 31, 2001, the following stock options were outstanding:

Number of Stock Options	*Date of Expiry*	*Exercise Price*
100,000	October 15, 2002	$0.15
195,000	January 14, 2005	$0.11
235,000	July 3, 2006	$0.25
530,000		

7. Share capital (continued)

Warrants

In connection with the issue of flow-through shares, in 2001 the Company issued 833,334 warrants to purchase common shares. Each warrant entitles the holder to purchase one common share at a price of $0.30 during the year 2002 or one common share at a price of $0.36 during 2003.

Escrow shares

As at December 31, 2001, the Company had 983,334 common shares held in escrow. Subsequent to the year-end, all of these shares were released from escrow on the third anniversary of the Company's major transaction.

8. Earnings and cash flow per share

The Canadian Institute of Chartered Accountants has approved a new standard for the presentation and disclosure of earnings per share which was retroactively adopted by the Company effective January 1, 2001. Under the new standard, the treasury stock method is used instead of the imputed earnings method to determine the dilutive effect of warrants and options.

The weighted average number of common shares outstanding during fiscal 2001 was 5,460,461 (2000 – 5,319,274) shares.

The number of shares added to the weighted average number of common shares outstanding for the dilutive effect of warrants and options was 136,530 (2000 – 112,353).

9. Commitments

The Company has entered into an office rental lease expiring February 2003. The Company has the following minimum annual lease payments:

2002	22,542
2003	3,757

10. Related party transactions

During the year, the Company paid $61,127 (2000 - $17,500) to two directors of the Company for consulting services. Of this amount, $27,825 was charged to general and administrative expenses and $33,302 was capitalized as overhead relating to exploration and development activities.

11. Segmented information

The Company operates primarily in the oil and gas industry in Western Canada and as such, is defined as having only one industry and geographic segment.

12. Financial instruments

Fair Value

At December 31, 2001 and 2000, the estimated fair market value of accounts receivable and accounts payable is equal to the book value due to the short-term nature of these accounts. The fair market value of the long-term debt approximates its book value as the debt carries a floating rate of interest.

Credit Risk

Virtually all of the Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risks.

13. Comparative figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

CORPORATE INFORMATION

Directors
Michael A. Williams
Thomas R. Wilcock
Larry Braun
Issa Abu-Zahra

Officers
Issa Abu-Zahra
President and CEO

Thomas Wilcock
Vice-President Exploration

Michael A. Williams
Chief Financial Officer
and Chairman of the Board

Auditors
Meyers Norris Penny,
Chartered Accountants

Engineers
Paddock Lindstrom & Associates Ltd.

Legal Counsel
Gowling Lafleur Henderson LLP

Transfer Agent
Computer Share Trust

Bankers
National Bank of Canada

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TSX Venture Exchange Symbol CHO

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Chirripo Resources Inc.